Eight Mile Style, LLC et al v. Apple Computer, Incorporated Doc. 53

UNITED STATES DISTRICT COURT
IN THE EASTERN DISTRICT OF MICHIGAN
SOUTHERN DIVISION

EIGHT MILE STYLE, LLC and
MARTIN AFFILIATED, LLC,

Plaintiffs

vs.

Case No. 2:07-CV-13164
Honorable Anna Diggs Taylor
Magistrate Judge Donald A. Scheer

APPLE COMPUTER, INC. and
AFTERMATH RECORDS d/b/a
AFTERMATH ENTERTAINMENT,

Defendants.

_____________________________________/

DEFENDANTS AFTERMATH RECORDS' AND APPLE INC.'S ALTERNATIVE MOTION FOR PARTIAL SUMMARY JUDGMENT

Daniel D. Quick (P48109)
Dickinson Wright PLLC
38525 Woodward Avenue
Suite 2000
Bloomfield Hills, MI 48304
(248) 433-7200
dquick@dickinsonwright.com

Kelly M. Klaus
Munger, Tolles & Olson LLP
355 South Grand Avenue
Suite 3500
Los Angeles, CA 90071-1560
(213) 683-9238
kelly.klaus@mto.com

Attorneys for Defendants

Dockets.Justia.com

ALTERNATIVE MOTION FOR PARTIAL SUMMARY JUDGMENT

Defendants Aftermath Records, doing business as Aftermath Entertainment ("Aftermath") and Apple Inc. ("Apple") (jointly "Defendants"), through their counsel, Dickinson Wright PLLC and Munger, Tolles & Olson LLP, hereby move for an Order granting summary judgment as to 53 of the total compositions that are the subject of Plaintiff's copyright infringement claim, 17 U.S.C. § 101 *et. seq.* The compositions that are at issue in this Motion are identified in the chart attached as Exhibit 1.

In support of their Motion, Defendants rely upon the facts, law and argument contained within the accompanying Brief in Support and Exhibits to this Motion, the Declaration of Rand Hoffman and the Exhibits thereto, all pleadings filed in this action, and any further submissions or arguments of counsel that may properly come before this Court.

Pursuant to Local Rule 7.1(a), concurrence in the relief requested in this Motion was sought, but not obtained.

WHEREFORE, Defendants respectfully request that this Court grant this Motion, pursuant to Fed. R. Civ. P. 56, and enter an Order granting summary judgment in Defendants' favor as to the specified 53 compositions at issue in Plaintiffs' Complaint.

s/Daniel D. Quick
Daniel D. Quick (P48109)
Dickinson Wright PLLC
38525 Woodward Avenue
Suite 2000
Bloomfield Hills, MI 48304
(248) 433-7200
dquick@dickinsonwright.com

Kelly M. Klaus
Munger, Tolles & Olson LLP
355 South Grand Avenue
Suite 3500
Los Angeles, CA 90071-1560
(213) 683-9238
kelly.klaus@mto.com
Attorneys for Defendants

UNITED STATES DISTRICT COURT
IN THE EASTERN DISTRICT OF MICHIGAN
SOUTHERN DIVISION

EIGHT MILE STYLE, LLC and
MARTIN AFFILIATED, LLC,

Plaintiffs

vs.

Case No. 2:07-CV-13164
Honorable Anna Diggs Taylor
Magistrate Judge Donald A. Scheer

APPLE COMPUTER, INC. and
AFTERMATH RECORDS d/b/a
AFTERMATH ENTERTAINMENT,

Defendants.

_________________________________/

BRIEF IN SUPPORT OF AFTERMATH RECORDS' AND APPLE INC.'S ALTERNATIVE MOTION FOR PARTIAL SUMMARY JUDGMENT

Daniel D. Quick (P48109)
Dickinson Wright PLLC
38525 Woodward Avenue
Suite 2000
Bloomfield Hills, MI 48304
(248) 433-7200
dquick@dickinsonwright.com

Kelly M. Klaus
Munger, Tolles & Olson LLP
355 South Grand Avenue
Suite 3500
Los Angeles, CA 90071-1560
(213) 683-9238
kelly.klaus@mto.com

Attorneys for Defendants

CONCISE STATEMENT OF ISSUES PRESENTED

Whether summary judgment should be granted to Defendants on Plaintiffs' claim for copyright infringement as to 52 of the compositions at issue in the Complaint, on the ground that, even if Defendants' use was not expressly or impliedly authorized by Marshall Mathers p/k/a "Eminem" and/or Plaintiffs (as Defendants argue in a pending summary judgment motion), then other co-authors of each of those compositions expressly authorized that use, and whether summary judgment should be granted to Defendants on Plaintiffs' claim for copyright infringement as to 1 of the compositions at issue on the ground that Plaintiffs' have acknowledged that digital distribution was authorized by a valid license?

Defendants' answer: "Yes."

CONTROLLING AUTHORITIES

Cases

Allman Bros. v. Sony BMG Music Entertainment,
No. 06 Civ. 3252 (GBD), 2008 WL 2477465 at *2 (S.D.N.Y. June 18, 2008)
Bridgeport Music, Inc. v. DJ Yella Muzick,
99 Fed. Appx. 686 (6th Cir. 2004)
Cambridge Literary Properties, Ltd. v. W. Goebel Porzellanfabrik G.,
510 F.3d 77 (1st Cir. 2007)
Celotex Corp. v. Catrett,
477 U.S. 317 (1986)
Foster-Gardner, Inc. v. Nat'l Union Fire Ins. Co.,
959 P.2d 265 (Cal. 1998)
Fred Ahlert Music Corp. v. Warner/Chappell Music, Inc.,
155 F.3d 17 (2d Cir. 1998)
Graham v. James,
144 F.3d 229 (2d Cir. 1998)
Huss v. King Co., Inc.,
338 F.3d 647 (6th Cir. 2003)
Johnson v. Jones,
149 F.3d 494 (6th Cir. 1998)
Matsushita Elec. Indus. Co., Ltd. v. Zenith Radio Corp.,
475 U.S. 574 (1986)
McKay v. Columbia Broadcasting Sys.,
324 F.2d 762 (2d Cir. 1963)
Murray Hill Publ'ns, Inc. v. ABC Comm'ns, Inc.,
67 F. Supp. 2d 754 (E. D. Mich. 1999)
Peer Int'l Corp. v. Pausa Records, Inc.,
909 F.2d 1332 (9th Cir. 1990)
Reinhardt v. Wal-Mart Stores, Inc.,
547 F. Supp. 2d 346, 354-55 (S.D.N.Y. 2008)
Roger Miller Music, Inc. v. Sony/ATV Publishing, LLC,
477 F.3d 383 (6th Cir. 2007)
Wrench LLC v. Taco Bell Corp.,
256 F.3d 446 (6th Cir. 2001)

Statutes

17 U.S.C. § 115
17 U.S.C. § 201(a)
17 U.S.C. § 401(c)

Other Authorities

H.R. Rep. No. 94-1476 at 121 (1976)
Melville Nimmer & David Nimmer, *Nimmer on Copyright*, § 8.04 (2007)

Shemel & Krasilovsky, This Business of Music: The Definitive Guide to the Music Industry (9th ed. 2003)

BRIEF IN SUPPORT OF DEFENDANTS' MOTION FOR SUMMARY ADJUDICATION

I. INTRODUCTION AND SUMMARY OF ARGUMENT

Defendants' pending summary judgment motion (the "Pending Motion") explains why Plaintiffs' entire claim for copyright infringement fails. The use that is complained of in this case – sales by iTunes of downloaded sound recordings that embody the compositions in issue – was authorized, either expressly (through "controlled composition" clauses contained in agreements to which Plaintiffs are parties) or impliedly (by Plaintiffs' uninterrupted acceptance of substantial fees for those sales). If the Court grants the Pending Motion, then this case is over.

But even if the Court were to decide that there are triable fact questions about Plaintiffs' express or implied authorization to distribute the downloaded sound recordings through iTunes, Defendants nevertheless are entitled to summary judgment as to the majority of the compositions at issue in Plaintiffs' Complaint. *See* Ex. 1 (listing compositions for which summary judgment is appropriate). That is because Plaintiffs' *co-authors* indisputably *did* authorize the challenged distribution of these compositions. It is hornbook copyright law that one co-author of a copyrighted work can grant non-exclusive licenses for the use of that work, and that such a license conclusively defeats any infringement claim by another co-author over the same use. As demonstrated herein, co-authors expressly authorized the challenged use for these particular compositions, either (1) through their own controlled composition clauses, which constitute express authorization, even under Plaintiffs' view of the semantics of controlled composition clauses; or (2) through their issuance of so-called "mechanical" licenses. In either case, a co-author has expressly authorized the compositions' distribution. Defendants therefore, at a minimum, are entitled to summary judgment of Plaintiffs' infringement claim as to these compositions.

In addition, Plaintiffs have acknowledged that they themselves licensed the sale of permanent downloads of sound recordings embodying one composition, entitled "Lose

Yourself." Summary judgment should be granted as to that composition based on this acknowledged license granted by Plaintiffs themselves.

II. BACKGROUND

Plaintiffs Eight Mile Style, LLC ("Eight Mile") and Martin Affiliated, LLC ("Martin Affiliated"), claim ownership interests in the copyrights for 93 musical compositions that are "written and composed, in part, by Marshall B. Mathers, III, professionally known as 'Eminem.'" Compl. ¶ 8. The 93 compositions at issue are listed in Exhibit 2 to this Motion. *See* Ex. 2 (Plaintiffs' Responses to Interrogatories 1, Schedule 1); Ex. 3. (Tr. of Joel Martin's testimony confirming the compositions at issue).

Plaintiffs' single claim for relief in this action is that Apple does not have the right to distribute through its iTunes music store "digital downloading of recordings" that embody these compositions. Compl. ¶¶ 9-12.[1] Plaintiffs contend that the sale of those recordings on iTunes without authorization infringes Plaintiffs' claimed copyrights in the compositions. *Id.* ¶ 13.

Plaintiffs acknowledge that Apple has distributed the Eminem recordings through iTunes pursuant to the authorization from "Universal," which is an owner of intervening Defendant Aftermath.[2] According to Plaintiffs:

> Apple has reproduced and distributed the digital transmissions, and continues to reproduce and distribute the digital transmissions, pursuant to a purported license with Universal. But Eight Mile and Martin have never authorized Universal to license the works to Apple; Eight Mile and Martin have never authorized Universal to engage in reproduction or distribution of the digital transmissions through third parties or otherwise; Universal has never obtained the permission of Eight Mile and Martin to do so[.]

Id. ¶ 12.

---

[1] Plaintiffs dismissed their ancillary Lanham Act and state law claims. *See* Docket No. 52, Stipulated Order for Voluntary Dismissal of Counts 2-5, entered on July 11, 2008.

[2] Plaintiffs' use of "Universal" is shorthand for UMG Recordings, Inc. ("UMG"). UMG distributes through various channels sound recordings on behalf of various record labels, such as G-Unit Records, Aftermath, and Shady Records, Inc. Hoffman Decl. ¶¶ 2-4.

As set forth in the Pending Motion, Defendants contend that there is no question but that the dissemination on iTunes of all of the recordings embodying the compositions was authorized. Defendants have demonstrated that this authorization was granted either expressly, through the so-called "controlled composition" clauses contained in the recording agreements between F.B.T. Productions (the production company owned by the same individuals that own Eight Mile) and Eminem with Aftermath; or impliedly, by operation of law, because Plaintiffs have known the recordings embodying their compositions were available on iTunes and have accepted (and continue to accept) payment for the dissemination of those recordings embodying their compositions. If the Court grants the Pending Motion on either of those grounds, there is no need to reach this motion, and indeed the entire case should be dismissed.

In contrast to the Pending Motion, the principal issue on this motion is not the authorization by Plaintiffs, but rather the authorization granted by *co-authors* of the compositions. As Plaintiffs themselves admit, the compositions at issue were written only "*in part*" by Eminem. Compl. ¶ 8; Ex. 4 (copyright registrations).[3] There are a number of co-authors of the compositions, including Obie Trice, Christopher Lloyd p/k/a Lloyd Banks, Andre Young p/k/a Dr. Dre, Curtis Jackson p/k/a 50 Cent, Rufus Johnson, Von Carlisle, Deshawn Holton, Ondre Moore, Denaun Holton, Mark Batson, Mike Elizondo, Emile Haynie, and Conrad Alomancy. These co-authors have authorized the distribution of the majority of the compositions at issue in Plaintiffs' complaint in at least one of two ways.

First, several of the above listed co-authors are recording artists: Obie Trice, Christopher Lloyd p/k/a Lloyd Banks, Andre Young p/k/a Dr. Dre, Curtis Jackson p/k/a 50 Cent, Rufus Johnson, Von Carlisle, Deshawn Holton, Ondre Moore, Denaun Holton (collectively, for purposes of this motion, the "Artist Co-Authors"). The Artist Co-Authors have their *own*

[3] The copyright registrations for the 52 compositions with licenses granted by co-authors are compiled alphabetically by composition as Exhibit 4. These registrations are excerpted from those that were attached as Exhibit A to Plaintiffs' Complaint.

agreements with UMG and/or its affiliate labels (the "Co-Author Agreements"), which include a provision commonly referred to as a "controlled composition" clause. The controlled composition clauses in the Co-Author Agreements expressly grant a license to UMG to reproduce and distribute the compositions in issue. *See* Ex. 5 (Hoffman Decl. ¶ 7). Cumulatively, controlled composition clauses in the Co-Author Agreements grant rights to Defendants to exploit at least 48 of the total compositions in issue in this case. Ex. 1 (identifying compositions covered by controlled composition clauses in the Co-Author Agreements).

Second, publishers for the Artist Co-Authors and other co-authors have entered into separate mechanical licenses for 36 of the compositions—32 of which are also covered by the Co-Author Agreements discussed above, and four of which are covered only by separate mechanical licenses.[4] See Ex. 1 (summarizing compositions for which mechanical licenses were granted). These mechanical licenses expressly authorize Defendants to exploit the compositions in the exact manner Plaintiffs here challenge. *See* Ex. 1 (identifying compositions covered by mechanical licenses from co-authors or their publishers); Ex. 6 (applicable mechanical licenses). Plaintiffs have acknowledged that the publishers who issued these mechanical licenses are copyright co-owners. *See* Ex. 2 (Eight Mile's responses to Interrogatories 1 and 2, with attached Schedule 1 listing copyright claimants); Ex. 3 (excerpt from transcript of Joel Martin regarding Schedule 1 acknowledging co-ownership). The particular co-authors whose publishers have issued mechanical licenses include the Artist Co-Authors listed above, and four additional co-authors: Mark Batson (Bat Future Music, Inc.), Mike Elizondo (Music of Windswept), Emile Haynie (Reach Global Music), and Conrad Alomancy (Headrush Music). See Ex. 4 (copyright registrations listing co-authors); Ex. 2 (listing claimants); Ex. 6 (mechanical licenses for compositions).

[4] To be clear: these four compositions certainly are covered by the Pending Motion. For the purposes of this motion alone, they are "only" covered by separate mechanical licenses.

5512815.2

Finally, one additional composition — "Lose Yourself"—has been conceded to have been licensed expressly by Plaintiffs for distribution in digital download form. *See* Ex. 12 (license for the distribution of "Lose Yourself" in permanent download form); Ex. 13 (transcript of Joel Martin's deposition acknowledging license for "Lose Yourself."). Because Plaintiffs have conceded—albeit after Defendants filed the Pending Motion— that they granted an effective license to distribute "Lose Yourself" through the sale of digital downloads, they have no claim for infringement based on that licensed use. Summary judgment should be granted in Defendants' favor.

III. ARGUMENT

A grant of partial summary judgment narrows the issues presented for trial. "Once a district judge issues a partial summary judgment order removing certain claims from a case, the parties have a right to rely on the ruling by forbearing from introducing any evidence or cross-examining witnesses in regard to those claims." Huss v. King Co., Inc., 338 F.3d 647, 651 (6th Cir. 2003). Relief is appropriate where "the pleadings, the discovery and disclosure materials on file, and any affidavits show that there is no genuine issue as to any material fact and that the movant is entitled to judgment as a matter of law." Fed. R. Civ. P. 56(c). In a motion under Rule 56, "[t]he moving party has the initial burden of showing the absence of a genuine issue of material fact as to an essential element of the non-moving party's case." *Wrench LLC v. Taco Bell Corp.*, 256 F.3d 446, 452-53 (6th Cir. 2001) (citing *Celotex Corp. v. Catrett*, 477 U.S. 317 (1986)). Once the moving party satisfies its burden, "the burden shifts to the nonmoving party to set forth specific facts showing a triable issue." *Id.* at 453 (citing *Matsushita Elec. Indus. Co., Ltd. v. Zenith Radio Corp.*, 475 U.S. 574 (1986)).

A. **An Author's License For A Particular Use Bars Suit By A Co-Author Challenging The Same Use**

A license to engage in a particular use completely defeats a claim for copyright infringement. *Johnson v. Jones*, 149 F.3d 494, 500 (6th Cir. 1998). The license need not be from the Plaintiff in the copyright case. A license obtained *from any co-author* also defeats a claim of infringement. *See McKay v. Columbia Broadcasting Sys.*, 324 F.2d 762, 763 (2d Cir. 1963) ("[A] license from a co-holder of a copyright immunizes the licensee from liability to another co-holder for copyright infringement."); *see also Bridgeport Music, Inc. v. DJ Yella Muzick*, 99 Fed. Appx. 686, 691 (6th Cir. 2004)(same).

Co-authors have the right to authorize a third party's use because "authors of a joint work are co-owners of a copyright in the work." 17 U.S.C. § 201(a). Co-authors in copyright thus are "tenants in common, with each co-owner having an independent right to use or license the use of a work." H.R. Rep. No. 94-1476 at 121 (1976). As such, a co-author may license the work without the permission or consent of another co-author, the latter's exclusive remedy being limited to the possibility of seeking an accounting from the other co-author for the proceeds from such a license. *See Tang v. Putruss,* 521 F. Supp. 2d 600, 604 (E.D. Mich 2007) ("[E]ach joint author has the right to use or to license the work as he or she wishes, subject only to the obligation to account to the other joint owner for any profits that are made.") *(quoting Thomson Thomson v. Larson*, 147 F.3d 195, 199 (2d Cir. 1998)).

Plaintiffs have acknowledged that the co-authors who authorized distribution of 52 of the compositions are, in fact, co-authors. First, the copyright registrations that Plaintiffs attach to their Complaint list multiple co-authors for each composition. Ex. 4. The inclusion of multiple authors on the registrations creates a presumption that those authors are, in fact, co-authors. *See* 17 U.S.C. § 401(c); *Cambridge Literary Properties, Ltd. v. W. Goebel Porzellanfabrik G.*, 510 F.3d 77, 94 n. 16 (1st Cir. 2007). The copyright registrations for the 48 compositions covered by Co-Author Agreements list the Artist Co-Authors as co-authors, thus establishing their joint authorship. See Ex. 1 (listing compositions covered by the Co-Author Agreements); Ex. 4 (copyright registrations for these compositions).

Second, Plaintiffs provided a list of copyright "Claimants" for each composition at issue. Ex. 2 (schedule produced by Plaintiffs). Plaintiffs own interrogatory responses and deposition testimony confirm that these additional "Claimants" are legitimate copyright co-owners. See Ex. 2 (Eight Mile's responses to Interrogatories 1 and 2, and attached Schedule); Ex. 3 (testimony from Joel Martin confirming that additional claimants are co-owners or co-publishers). These claimants issued mechanical licenses for 36 of the compositions, including 32 which are also included within the 48 covered by the Co-Author Agreements and four that are not separately covered. Hence, all of the compositions at issue in this motion based on co-author licenses—a total of 52—are jointly owned by either one of the Artist Co-Authors, or one of the other co-authors and their publishers identified in Exhibit 2. See Ex. 1 (listing compositions covered in this motion); Ex. 4 (copyright registrations); Ex. 2 (listing copyright claimants); Ex. 3 (acknowledging other copyright claimants).

B. The Co-Authors Or Their Publishers Have Expressly Authorized The Distribution Challenged In This Case

The co-authors or their publishers expressly licensed Aftermath (through UMG) to disseminate the compositions at issue on this motion, including through Apple and its iTunes store. This express authorization arises either through the Artist Co-Authors' controlled composition clauses in their Co-Author Agreements, or through mechanical licenses co-authors or their publishers have granted to UMG.

1. Controlled Composition Clauses in the Artist Co-Authors' Recording Agreements Expressly Grant the Rights to Reproduce and Distribute the Compositions in the Challenged Form

With minor exceptions in wording that are not material, the controlled composition clauses in the Co-Author Agreements provide:

> You grant to the Company, Company's Licensees and their designees, an irrevocable license, under copyright, to reproduce each Controlled Composition on Phonograph Records of Master Recordings made under this Agreement . . . and to distribute them in the United States and Canada.

Ex. 5 (Hoffman Decl. ¶¶ 7-14 (and Exhibits)). The Artist Co-Authors thus "grant . . . an irrevocable license, under copyright" to reproduce and distribute controlled compositions "on Phonograph Records of Master Recordings made under this Agreement." *Id.* This grant of rights encompasses the right to reproduce and distribute the Artist Co-Author's compositions in permanent download form. *Id.* Plaintiffs cannot possibly dispute that these controlled composition clauses govern at least 48 of the compositions in issue in this case.

First, Plaintiffs cannot dispute that the plain language of the controlled composition clauses in the Co-Author Agreements grant a license. The very purpose of a controlled composition clause is to grant rights to exploit the embodied composition. See Shemel & Krasilovsky, *This Business of Music: The Definitive Guide to the Music Industry* 19 (9th ed. 2003) (describing controlled composition clauses as a "mechanical license" granting "the right to record and distribute any composition written or owned, in whole or in part, by the artist.");[5] Ex. 5 (Hoffman Decl. ¶ 7). As the Court knows from the Pending Motion, Plaintiffs assert that Aftermath's agreements with F.B.T. Productions and Eminem do not grant Aftermath a license to use controlled compositions because those agreements' controlled composition clauses provide that compositions "will be licensed to Aftermath and its distributors/licensees." (emphasis added). *See* Docket No. 34, Brief in Supp. of Mot. for Summ. J. at 10, filed May 5, 2008. Plaintiffs claim this language requires the parties to enter into separate licenses because the phrase "will be licensed" supposedly implies a future action, rather than a simple recognition

[5] The quoted excerpt from the text is attached as Exhibit 7.

of the fact that most of the controlled compositions had yet to be written at the time these agreements were executed. *See* Ex. 8 (Tr. of deposition of Joel Martin).

While Defendants strongly disagree with Plaintiffs' argument, Plaintiffs cannot make that argument on this motion because the language in the controlled composition clauses of the Co-Author Agreements provides "*You grant an irrevocable license*." Ex. 5 (Hoffman Decl. ¶¶ 10-14 (and Exhibits)). Eight Mile's own form licenses—which Plaintiffs must concede are effective—use the same language: "Licensor grants to Licensee … the non-exclusive right, privilege and license." Ex. 9 (sample executed form license from Eight Mile). Plaintiffs cannot with a straight face contend that the language of the Artist Co-Authors' controlled composition clauses does not grant a license. In contrast to Plaintiffs' tortured reading of the phrase "will be licensed," the phrase "*You grant an irrevocable license*" indisputably is in the present tense. That phrase must create an immediate license, even under Plaintiffs' theory.

Because the contracts' plain language grants a license, the Court should interpret the Co-Author Agreements accordingly. The Co-Author Agreements are governed by either California law (¶ 19.08 in Exs. A, B, C-2, D-2) or New York law (¶19.08 in Exs. C-1, D-1, E). Either state's contract law provides that clear and explicit contractual language ends the inquiry into what a particular provision means. See *Foster-Gardner, Inc. v. Nat'l Union Fire Ins. Co.*, 959 P.2d 265, 272 (Cal. 1998) ("If contractual language is clear and explicit, it governs.")(internal quotations and citations omitted); *Desir v. Spano*, 687 N.Y.S.2d 411, 412 (N.Y. App. Div. 1999)("Contract interpretation is the province of the court, and an unambiguous contract is to be interpreted in accordance with its clear language so as to effectuate the intent of the parties.").

Second, the license granted in the Co-Author Agreements unquestionably applies to the compositions co-written by the Artist Co-Authors. The Co-Author Agreements define a "Controlled Composition" as "a composition wholly or partly written, owned or controlled" by the artist. Ex. 5 (Hoffman Decl. ¶¶ 8, 10-14 (and Exhibits)). Plaintiffs' own copyright registrations list the Artist Co-Authors as co-authors of the subject compositions. Ex. 4. The subject compositions are thus "wholly or partly written, owned or controlled" by the Artist Co-Authors. As such, they are "Controlled Compositions" under the Co-Author Agreements that are licensed to Defendants through the controlled composition clause.

Third, the grant of rights in the Co-Author Agreements encompasses the reproduction and distribution of the compositions in permanent download form. The controlled composition clause in the Co-Author Agreements grants the right to reproduce and distribute the subject compositions on "Phonograph Records." Ex. 5 (Hoffman Decl. ¶¶ 8, 10-14 (and Exhibits)). The Co-Author Agreements define "Phonograph Record" broadly as "all forms of reproductions . . . now or hereafter known. . ." *Id.* As Courts have recognized, this broad definition includes digital uses like the permanent downloads sold in Apple's iTunes store. *See Allman Bros. v. Sony BMG Music Entertainment*, No. 06 Civ. 3252 (GBD), 2008 WL 2477465 at *2 (S.D.N.Y. June 18, 2008) (construing the same definition and concluding that the "plain language" encompasses digital music files); *Reinhardt v. Wal-Mart Stores, Inc.*, 547 F. Supp. 2d 346, 354-55 (S.D.N.Y. 2008) (construing the same definition to include digital downloads).[6]

If this broad definition were not enough to encompass permanent downloads—and it plainly is—the Co-Author Agreements expressly incorporate digital uses, including downloads, into the distribution right granted by the controlled composition clauses. An "Electronic Transmission" provision in the Co-Author Agreements states: "All references in this Agreement to the 'distribution' of Records, unless expressly provided otherwise, shall be understood to include the distribution of records by way of Electronic Transmission thereof." Ex. 5 (Hoffman Decl. ¶ 8; 10-14 (and Exhibits)). "Electronic Transmission" is defined specifically to include digital downloads. Hoffman Decl.¶ 8. Because the controlled composition clause grants the right to "distribute" Records, it must be read together with the Electronic Transmission provision

[6] *Allman Bros.* and *Reinhardt* are attached as Exhibits 10 and 11 for the Court's reference.

to include the right to distribute Records in permanent download form. *Id.*; ¶¶ 10-14 (and Exhibits).

Summary judgment should be granted in favor of Defendants with respect to the 48 compositions that are subject to the controlled composition clauses in the Co-Author Agreements because the use about which Plaintiffs complain was plainly authorized. For the Court's ease of reference, Defendants have indicated on the summary chart attached as Exhibit 1 which compositions are covered by these Co-Author Agreements, and which Co-Author Agreement covers them. *See* Ex. 1. As summarized on Exhibit 1, Defendants are entitled to summary judgment for 48 of the compositions at issue based on the license granted in these controlled composition clauses.

2. Mechanical Licenses Granted by Co-Authors' Publishers Specifically Authorize the Challenged Uses for 36 of the Total Compositions.

The controlled composition clauses are not the only basis for authorization by co-authors. For 36 of the total compositions, UMG obtained separate mechanical licenses from co-authors' publishers authorizing the reproduction and distribution of the compositions in permanent download format. *See* Ex. 6 (mechanical licenses); Ex. 1 (denoting which compositions are covered by mechanical licenses). These mechanical licenses, like the express grant of license in the controlled composition clauses, preclude Plaintiffs' claim for infringement. *Roger Miller Music, Inc. v. Sony/ATV Publishing, LLC*, 477 F.3d 383, 395 (6th Cir. 2007).

Mechanical licenses grant the right to use compositions in the manufacture and distribution of phonorecords. Section 115 of the Copyright Act provides for compulsory licensing of "non-dramatic musical works" like the compositions at issue here. 17 U.S.C. § 115. If certain criteria are established, the owner of a copyright in a musical composition must license that composition to be used in the manufacture and distribution of phonorecords, subject to a pre-defined statutory rate. 17 U.S.C. § 115; Melville Nimmer & David Nimmer, *Nimmer on*

Copyright, § 8.04 (2007). The statutory compulsory scheme is rarely used, however. *Peer Int'l Corp. v. Pausa Records, Inc.*, 909 F.2d 1332, 1337 (9th Cir. 1990). Instead, the statutory scheme is generally modified through mechanical licenses entered into between the parties, with the statutory rate used as a benchmark. *Id.* A mechanical license thus "allows the licensee to use a song in the manufacture and sale of phonorecords" in the same way the compulsory licensing scheme does. *Fred Ahlert Music Corp. v. Warner/Chappell Music, Inc.*, 155 F.3d 17, 20 n.1 (2d Cir. 1998).

Here, UMG entered into mechanical licenses with co-authors and their publishers to distribute at least 36 of the 93 total compositions in permanent download form. Ex. 1 (listing compositions); Ex. 6 (mechanical licenses). Those mechanical licenses authorize precisely the use for which Plaintiff here complains. As with the grant of rights pursuant to the controlled composition clauses of the Co-Author Agreements, the grant of rights by a co-author's publisher in a mechanical license precludes Plaintiffs' infringement action, because infringement will not lie for an authorized use. *See McKay*, 324 F.2d at 763.

C. **Plaintiffs Themselves Issued a Valid License for the Distribution of "Lose Yourself" through Sales of Permanent Downloads**

In addition to the authorization from co-authors for the 52 compositions discussed above, Plaintiffs themselves issued a mechanical license authorizing the distribution of sound recordings in permanent download form for an additional composition: "Lose Yourself." That license, signed by Plaintiffs' manager and owner, Joel Martin, specifically authorizes the exact use that Plaintiffs here claim is an infringement. Ex. 12. The license states: "Licensor grants to Licensee, its distributors and affiliated companies, the non-exclusive right, privilege and license, to mechanically reproduce and to make Permanent Downloads. . ." of the composition "Lose Yourself." *Id.* Even after Defendants filed the Pending Motion, Joel Martin testified that he intended for this license to be effective when issued. Ex. 13. He has never contended that it is not effective.

"A copyright owner who grants a nonexclusive license to use his copyrighted material waives his right to sue the licensee for copyright infringement." *Murray Hill Publ'ns, Inc. v. ABC Comm'ns, Inc.*, 67 F. Supp. 2d 754, 758 (E. D. Mich. 1999) (quoting *Graham v. James*, 144 F.3d 229, 236 (2d Cir. 1998)) *aff'd in part, rev'd in part on other grounds*, 264 F.3d 622 (6th Cir. 2001). Because the precise use Plaintiffs complain about here was a licensed use, summary judgment is appropriate for "Lose Yourself" as well.

IV. CONCLUSION

For the foregoing reasons, Defendants respectfully request that the Court grant summary adjudication as to the 53 compositions at issue in its favor.

s/Daniel D. Quick
Daniel D. Quick (P48109)
Dickinson Wright PLLC
38525 Woodward Avenue
Suite 2000
Bloomfield Hills, MI 48304
(248) 433-7200
dquick@dickinsonwright.com
Attorneys for Defendants

Kelly M. Klaus
Munger, Tolles & Olson LLP
355 South Grand Avenue
Suite 3500
Los Angeles, CA 90071-1560
(213) 683-9238
kelly.klaus@mto.com
Attorneys for Defendants

CERTIFICATE OF SERVICE

I hereby certify that on July 16, 2008, I electronically filed the foregoing document with the Clerk of the Court using the ECF system which will send notification of such filing to the all counsel.

s/Daniel D. Quick
Daniel D. Quick (P48109)
Dickinson Wright PLLC
38525 Woodward Avenue
Suite 2000
Bloomfield Hills, MI 48304
(248) 433-7200
dquick@dickinsonwright.com

TABLE OF CONTENTS

I. INTRODUCTION AND SUMMARY OF ARGUMENT 1
II. BACKGROUND 2
III. ARGUMENT 5
A. An Author's License For A Particular Use Bars Suit By A Co-Author Challenging The Same Use 6
B. The Co-Authors Or Their Publishers Have Expressly Authorized The Distribution Challenged In This Case 7
1. Controlled Composition Clauses in the Artist Co-Authors' Recording Agreements Expressly Grant the Rights to Reproduce and Distribute the Compositions in the Challenged Form 7
2. Mechanical Licenses Granted by Co-Authors' Publishers Specifically Authorize the Challenged Uses for 36 of the Total Compositions. 11
C. Plaintiffs Themselves Issued a Valid License for the Distribution of "Lose Yourself" through Sales of Permanent Downloads 12
IV. CONCLUSION 13